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21 APR 1981

MEMORANDUM FOR: Deputy Director for Administration
FROM: James H. McDonald
Director of Logistics
SUBJECT: General Services Administration

1. Attached are the problem areas that we wish to raise with Mr. Carmen.

2. The problems are distilled from the report that was distributed to the National Academy of Public Administration and to Mr. Kline, then the Deputy Administrator, General Services Administration. A copy of this report is also included for your convenience.

STAT 3. We have not included the transfer of responsibilities for [redacted] to the Agency as this study is still underway, but the topic may be brought up as a matter of interest to the Agency.

[redacted]
James H. McDonald

Attachments

- A. Problems
- B. GSA Support
to the CIA

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ACQUISITION OF LEASED SPACE

PROBLEM

Although the Agency has, under the provision of its enabling legislation, authority to lease real property, precedence has limited Agency acquisition to "operational" requirements. Thus, the Agency must rely on the General Services Administration (GSA) to satisfy its needs for administrative property. Unfortunately, most of the Agency's requirements are for relatively small offices which, although falling within the "administrative" definition, have operational and security characteristics which dictate location, type of space, and time frame. GSA has proven to be uniformly unable to respond in a timely manner to these requirements. GSA appears to be both overworked and understaffed. This problem is exacerbated by an internal bureaucracy which requires many levels of both vertical and lateral approval before a lease may be signed. In addition, GSA has become the executive agency responsible for a myriad of socioeconomic programs designed to revitalize urban areas, employ minorities, aid the handicapped, conserve energy, improve the environment, balance the budget, reduce the size of the Federal work force, etc. While worthwhile, the total impact of these programs is to grind the leasing process to a virtual halt. Although impact through these programs is achieved on large scale programs, unfortunately, the constraints are applied across the board and affect an 800-square-foot acquisition as well as the construction of a federal complex.

RECOMMENDATION

The 5,000 square foot restriction on the recent GSA delegation for leasing should be removed and future leasing should only require coordination with GSA and adherence to the Federal Property Management Regulations. The 5,000 square foot delegation has proven to be quite workable. By virtue of its overseas and other operational responsibilities, this Agency has a professional cadre of engineers and realty officers. These personnel are competent to design and lease office space. Use of the delegation has cut leasing delays from literally years to weeks.

SUPPLY AND PROCUREMENT

PROBLEM

The implementary policies and controls of the GSA to establish and operate an efficient procurement management program for the Federal Government create unacceptable security risks to the ongoing operations of this Agency. The mandatory use of Federal Supply Schedule (FSS) contracts, the necessity to obtain waivers to obtain similar items, maximum order dollar limitations, the need to obtain authorization to purchase identical items when available from a non-schedule source at a lower price--all may require disclosures of information that may be classified. Also, the procedures inherently cause delays and inefficiencies in the execution of this Agency's operations.

RECOMMENDATION

The Federal Property and Administrative Services Act, 41 USC 481, authorizes the Administrator to prescribe procurement policies and procedures when he determines that they are "advantageous to the Government in terms of economy, efficiency, or service, and with due regard to the program activities of the agencies concerned." The Act, Section 474, also provides for a specific exemption from its provisions when such are deemed to be causing an impairment in the authority of a designated agency. The Agency should be exempt from the Act. The Agency will continue to use FSS contracts where national security allows. However, FSS contracts should be an optional source of supply such that alternatives may be used when the FSS contracts impair this Agency's ability to conduct its program activities in a timely and secure manner.

REIMBURSABLE WORK

Improvements, Alterations, and Construction

PROBLEM

Services outside of those provided by SLUC are requested through GSA Work Authorization Form 2957. Although "detailed estimates" are requested, only overall figures for labor and material are given. Wide variations in material quantities, oversights, duplication between shops, and other discrepancies are possible and likely, with no verification possible. Costs significantly higher than Agency estimates, little control over GSA work schedules, and quality of work often cause reimbursable services to be unresponsive. Further, when construction is involved, GSA is not responsive. Most construction is preceded by a feasibility study, then construction drawings, and then specifications (design), and finally, after contract award, physical construction. This assumes that the Architect and Engineer selection process (which usually takes eight months), Congressional prospectus process if the project is of significant size (which may take from two to five years), and the budget process are all satisfied. Given the GSA staffing and competition for those limited resources from other agencies, only the highest priority projects get attention, and important projects continually slide further behind. Limited resources available to the Agency are consumed in trying to prod GSA into action. Since the Agency is a captive customer and must deal with GSA without the benefit of competition, it ultimately faces a "take it or leave it" bargaining situation.

RECOMMENDATION

It must be clearly established that this Agency has the responsibility and authority to accomplish necessary repairs, improvements, alterations, and new construction through its own resources, and that work may be accomplished through direct Agency contract or through reimbursement to GSA; the decision to be made at this Agency's discretion.

STANDARD LEVEL USER CHARGE (SLUC)

Building Operation and Maintenance

PROBLEM

GSA supposedly provides a habitable environment for a normal 40-hour workweek under the provisions of the Public Buildings Standard Level User Charge (SLUC) process. It is usually necessary for an agency to provide additional funds for any service falling outside of the narrowly defined standard services. As our Agency has responsibilities that require 24-hours-per-day, 365-days-per-year support, the requirement for additional services is great. Utilities must be continuously available to computers and communications equipment. Backup equipment must be provided, maintained, and operated to preclude either scheduled or unforeseen events from interrupting critical functions. GSA is either unwilling or unable to provide the 24-hour level of reliable service required. Even though reimbursed to provide the necessary resources, GSA allows emergency equipment to become and remain inoperative, preferring to trust that the primary equipment stays on line. Important equipment may remain inoperative for years, such as the #3 1500-ton chiller in the power plant, the Dunham Bush 500-ton chiller in the Headquarters Building, and the central control air compressors in the Headquarters Building. After years of "recruiting" the diesel technicians and electricians, the multimillion dollar emergency power system is still not staffed to have the necessary personnel available for 24-hour coverage at the minimum level.

RECOMMENDATION

Although it is acknowledged that no alternative appears demonstratively superior to a competent GSA, it is clear that GSA is deficient in areas vital to this Agency's operational integrity. This Agency must be able to obtain those vital services for which Agency funds are budgeted and/or which appear in the SLUC account. The Agency, therefore, must have the authority to contract directly to obtain an acceptable level of service. Concomitant with the above action, the GSA and the CIA should enter into detailed discussion and analysis of the services provided by the GSA under SLUC. The product of this discussion and analysis would be the clear identification and definition of specific services accomplished under the SLUC arrangements and consistent with the recommendations of the Report to the Administrator of the GSA, dated 31 December 1980, prepared by the National Academy of Public Administration, to further delegate to the CIA authority and appropriate funding for certain of those services financed under SLUC that can best be performed by CIA in those buildings occupied by CIA.

STANDARD LEVEL USER CHARGE (SLUC)

Custodial

PROBLEM

Through an exchange of correspondence in 1959 between the DCI and the Administrator of GSA, it was agreed that GSA would perform services incident to the operation, maintenance, protection, and housekeeping of the CIA Headquarters Building. Although GSA was invited to provide housekeeping and related services, time has institutionalized the arrangement and GSA now considers the Headquarters Building as a public building and, therefore, under GSA control. Support provided by GSA to this Agency under the SLUC arrangement has never measured up to Agency expectations, particularly in the custodial area, although this has, no doubt, been due in part to the thankless nature of the services provided. However, over the past several years, the quality of these services has deteriorated primarily due to the lowering of custodial standards by GSA.

RECOMMENDATION

Although it is acknowledged that no alternative appears demonstratively superior to a competent GSA, it is clear that GSA is deficient in areas important to this Agency's operational integrity. This Agency should be able to obtain services for which Agency funds are budgeted and/or which appear in the SLUC account. The Agency, therefore, should have the authority to contract directly to obtain an acceptable level of service. Concomitant with the above action, the GSA and the CIA should enter into detailed discussion and analysis of the services provided by the GSA under SLUC. The product of this discussion and analysis would be the clear identification and definition of specific services accomplished under the SLUC arrangements and consistent with the recommendations of the Report to the Administrator of the GSA, dated 31 December 1980, prepared by the National Academy of Public Administration, to further delegate to the CIA authority and appropriate funding for certain of those services financed under SLUC that can best be performed by CIA in those buildings occupied by CIA.

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**GSA SUPPORT
TO THE
CIA**

October 28, 1980

EXECUTIVE SUMMARY

The Agency's enabling legislation and General Services Administration's (GSA's) statutory mission overlap in the areas of supply, procurement, real estate, and facilities. Precedence has been established over the years wherein the Agency now relies on GSA to satisfy most domestic requirements; but there is increasing criticism of, and dissatisfaction with, the performance of GSA. However, given GSA's statutory authorities and presence, the Central Intelligence Agency's (CIA's) General Counsel has been reluctant to use the Director of Central Intelligence's (DCI's) authorities domestically except in limited circumstances. A more liberal utilization of the DCI's authorities provided by Sections 8A and 8B of the CIA Act of 1949 would allow the equilibrium between CIA and GSA to shift to CIA being more self-sufficient. Self-sufficiency would reduce GSA's workload, in turn relieving, somewhat, their chronic problems of being both understaffed and underfunded. Decentralization would increase the responsiveness of service to the ultimate customer and, as developed later in this paper, should increase overall governmental efficiency.

This paper will identify each service furnished by GSA and will provide a background and problem statement that discusses the issues and provides a recommendation for improvement. *The recurrent theme and recommendation is that overall governmental efficiency and responsiveness can be greatly improved through the judicious and controlled delegation of specific authorities by GSA to the Agency.* Requested delegations are summarized in the following matrix:

Category	Existing Arrangement	Proposed Arrangement
Acquisition of leased space	GSA has delegated authority to acquire up to 5,000 square feet.	No square foot restriction, only communications with GSA and adherence to the FPMR.
Reimbursable work. (Improvement, alteration, and new construction)	GSA responsibility, with delegations to the Agency on a case-by-case basis.	Agency responsibility; work accomplished through GSA if responsive, otherwise through direct Agency contract.
SLUC (operations, maintenance, and housekeeping)	GSA responsibility, with Agency often providing supplemental funds.	GSA publish standards for SLUC-funded services; where services are not commensurate with standards, Agency will contract directly, adjusting the SLUC payment accordingly.
Cafeteria and vending machines	Services provided through the GSA, by GSI for cafeteria, and Va. Comm. for blind for vending machines.	No change.
Supply and Procurement	Interfaces, responsibilities, and authorities clear. ADPE procurement is delegated to the Agency.	No major changes. System tuning recommended.
<div style="border: 1px solid black; width: 100px; height: 15px; display: inline-block;"></div>	Under GSA control.	Under Agency control.
Protective Services	The limited FPS services provided by SLUC are augmented on a reimbursable basis.	Conduct a systems analysis to determine the best mix of options to meet requirements.

The delegation of Automated Data Processing Equipment (ADPE) procurement authority demonstrates that mission support does improve and that laws and regulations are honored. GSA has audited this delegation on three occasions since granted in 1973 and complimented the Agency's exercise of the authority each time. This ADPE delegation represents the direction proposed for the first three categories of the above matrix and is the direction the Agency believes the National Academy of Public Administration study should recommend. If the shift of responsibilities proposed in the matrix is not possible and it came to a choice of either the Agency or GSA to perform the services, we would recommend the delegations of the entire set of operating authorities and the transfer of appropriate resources to the CIA. We cannot continue the current pattern of unresponsiveness.

BACKGROUND

In the early days, the Agency's enabling legislation was focused on the overseas mission, with domestic needs modest and adequately served by GSA. As the Agency grew, consolidation through construction at Langley was approved and funded by the Military Appropriation Committee, thus allowing the potential for subsequent services to be provided internally, via contract, via the military, or through GSA. GSA was selected, and through an exchange of correspondence in 1959 between the DCI and the Administrator of GSA, it was agreed that GSA would perform services incident to the operation, maintenance, protection, and repair of the CIA Headquarters Building.

This arrangement went unaltered until 1972 when passage of Public Law 92-313, an amendment to the Property Act of 1949, provided GSA authority to bill Federal agencies for furnished space and services. This billing was identified as a Standard Level User Charge (SLUC), designed to provide GSA with reimbursement for the provision of a standard level of service plus an amount for a Federal Building Fund to provide for acquisition of new Federal buildings. In anticipation of the adverse effects that PL 92-313 might have on the CIA, the DCI, in November 1973, forwarded an appeal to GSA for exemption of the Headquarters complex and the National Photographic Interpretation Center (NPIC) facility [redacted] This appeal was denied by GSA. Consequently, all Agency properties subject to the provisions of PL 92-313, including Headquarters [redacted] were identified to GSA, thus establishing the basis for our current relationship.

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The remainder of the paper concerns shifts of responsibilities present in the GSA/CIA arrangements. There is one area, support to our [redacted] where the disparity between GSA's capabilities (and track record) and our support requirements is so great that we recommend that total responsibility for the facility be transferred to the CIA. The justifications and rationale for this recommendation are the subjects of a separate study. However, as the recommendation represents the most sweeping solution to the problems of GSA support that permeate this report, a synopsis of the situation is included in the next paragraph.

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GSA's organization has been, and is, primarily structured to support the routine requirements of a standard office building. This has impacted on the

Agency most in the area of building management. [] has always been unique and has a special purpose, primarily housing technical equipment which requires special support—support above and beyond GSA's standard services. The Headquarters complex has each year evolved from a standard office building to more of a light industrial park, housing ever-increasing amounts of technical equipment; and, similar to [] requires special, responsive, and efficient support services. Although GSA has historically not been able to provide the necessary support to our operational requirements in either building in the area of facilities management, we have been able to cope in the less critical area of support to the Headquarters complex. Coping in Headquarters is also facilitated by the physical location of GSA shops in the Headquarters building, a condition that NPIC does not enjoy. The need for reliable, time-critical, responsive, and controlled facilities support at [] is non-negotiable in order to meet the mission—a dynamic mission dependent on the availability of precise complex and sensitive electro/mechanical/optical equipment. GSA does not have the capability or apparent inclination to meet Agency requirements at [] and it is, thereby, recommended that [] in its entirety, be transferred from GSA control to CIA control.

DISCUSSION

The GSA organization is of gargantuan proportions, is bureaucratic, and provides most services on a monopolistic basis. Size, bureaucracy, and monopoly combine to aggravate managerial and administrative considerations that are common to all organizations, i.e.:

- There are few standards or feedback mechanisms to evaluate responsiveness, effectiveness, and efficiency; therefore, there is no signal when GSA is performing poorly.
- There are few incentives for good management and few disincentives for poor management.
- There is a general lack of a sense of urgency or importance, to the extent that even telephone communication is often time-consuming or impossible.
- By their perceptions, in which we are in agreement, they are often understaffed, are often underfunded, and the personnel are often underpaid and/or undermotivated.
- There is a lack of authority and willingness to make decisions, particularly in the wake of the recent disclosures of dishonesty and fraudulent behavior.
- There can be lengthy delays due to the plethora of confusing and restrictive central regulations and congressional directives, oversight committees, etc.

The efficiency of centralized service, with the potential attendant savings to the taxpayer, is often realized at a cost in responsiveness to the customer. In our case, the centralized GSA service has become both relatively costly and unresponsive.

This Agency's involvement with GSA is multidimensional, involving the operations, maintenance and alteration of facilities, engineering, housekeeping, procurement, supply, and transportation. Relations have been good, with interpersonal relationships at the individual level excellent. Most GSA representatives are eager to be responsive. Nonetheless, although there are many examples of organizational success, it is also common for the GSA system to preclude responsiveness. *This Agency does observe a strong correlation between unresponsiveness and monopoly; those areas where this Agency must go to GSA for services are usually the areas in which GSA is least responsive.* Poor response has forced this Agency to use its staff to help GSA help us—professional personnel that could be more effectively utilized in directly accomplishing tasks through existing Agency authorities.

The world situation is fluid and mission requirements often cannot be anticipated; specific support requirements, therefore, cannot be incorporated into long-range plans. Mission duration is often less than the time GSA requires to respond to our requests for services. To meet our mission, either GSA must become more responsive or delegations from GSA are necessary, delegations with the appropriate constraints and procedures for audit.

The recurrent theme that permeates the following examples is that both overall governmental efficiency and responsiveness of service can be greatly improved through the judicious and controlled delegation of specific authorities by GSA to this Agency. The delegations are in the best interest of the government not only for the improvement of efficiency and responsiveness but also because stronger checks and balances to the process of providing services are possible, thereby reducing the potential for abuses. The relative smallness of the Agency allows complete internal auditing procedures. Aggressive auditing and a manageable scope of operations inherently provide reasonable checks and balances. Repeated Congressional investigations could not find abuses in the Agency's support or financial operations. Investigations of GSA disclosed sweeping abuses and dishonesty. The above facts and observations lead us to suggest that the Agency can inherently offer better safeguards against abuse in the provision of goods and services.

The remainder of this paper will identify in more detail the categories of services received from GSA. The organization of the paper will be to identify the category of service, provide an introductory narrative (background), and then identify the issues, followed by a recommendation for improvement. Typical of most customers who receive services from others, the bulk of the narrative is concerned with GSA services that lack some combination of effectiveness, efficiency, responsiveness, or adequacy. Service that is responsive is often taken for granted and not documented and studied. There are many examples where GSA has performed above and beyond the call of normal duty to be responsive to our needs, particularly at the individual and working levels.

Category: Acquisition of Lease Space

Background: Although the Agency has, under the provisions of its enabling legislation, authority to lease real property, utilization has been restricted to acquisition of "operational" real estate. Thus the Agency must rely on GSA

to satisfy its needs for "administrative" property. Unfortunately, most of the Agency's requirements are for relatively small offices which, although falling within the "administrative" definition, have operational and security characteristics which dictate location, type of space, and time frame. GSA has proven to be uniformly unable to respond in a timely manner to these requirements.

Problem: GSA appears to be both overworked and understaffed. This problem is exacerbated by an internal bureaucracy which requires many levels of both vertical and lateral approval before a lease may be signed. In addition, GSA has become the executive agency responsible for a myrial of social and economic programs designed to revitalize urban areas, employ minorities, aid the handicapped, conserve energy, improve the environment, balance the budget, reduce the size of the Federal work force, etc. While worthwhile, the total impact of these programs is to grind the leasing process to a virtual halt. Real impact may be achieved through these programs when applied to large-scale Federal space programs. Unfortunately, these conditions are applied across the board and affect this Agency's attempts to obtain an 800-square-foot office to [redacted] as well as construction of a major Federal center.

Examples:

1. The Office of Security [redacted] was moved to temporary space [redacted]

[redacted] The temporary space, although nearly thrice as large as required, was inadequate from a safety and security viewpoint. Over the ensuing two and one-half years, GSA was unable to locate replacement space. Direct appeals were made by the DCI, Deputy Director for Administration, and Director of Logistics, to no avail. As a last resort, in November 1979, an Agency officer spent one week, full time [redacted] surveyed available space, and located an office acceptable to GSA and the Agency. It then took GSA until February 1980 to negotiate and sign a lease, and it would not have been done then had not the Agency intervened at critical times.

2. In 1975, the Agency formally requested that GSA obtain [redacted] square feet of office and special-purpose space to meet expanded Agency requirements. Problems involving GSA funding restraints, leasing priorities, and moratoriums delayed formal solicitation for offers until May 1979. Negotiations continued until November 1979, at which time GSA's General Counsel, overruling its local National Capital Region, determined that GSA could not enter into a lease. Leasing authority was subsequently delegated to the Agency.

3. Requests [redacted] square feet) [redacted] were held by GSA for two years. In both instances GSA ultimately advised that owing to the tight leasing market, space of this small size was not available. In both instances the Agency subsequently located suitable space.

Pros: GSA provides a certain flexibility [redacted] and ensures that leasing reflects current rules and regulations governing space acquisition.

They also assume the administrative burden of lease payments and ongoing relations with the landlord. Because of the large volume, they are presumably very familiar with their local leasing market.

Cons: The nonresponsiveness results in an inordinate amount of time consumed simply attempting to get GSA to react. This largely nonproductive effort far exceeds the time involved in direct leasing. GSA is, at best, only vaguely aware of security and cover conditions which affect many of our offices and totally unaware of the operational priorities which affect our space planning efforts.

Recommendation: The 5,000 square foot restriction on the recent delegation for leasing should be removed and future leasing should only require coordination with GSA and adherence to the Federal Property Management Regulations. The 5,000 square foot delegation has proven to be quite workable. By virtue of its overseas and other operational responsibilities, this Agency has a professional cadre of engineers and realty officers. These personnel are competent to design and lease office space. Use of the delegation has cut leasing delays from literally years to weeks.

Category: Reimbursable Work—Improvements, Alterations, New Construction

Background: The Agency requests reimbursable services outside of those provided under SLUC by means of GSA Work Authorization Form 2957. Supposedly, GSA provides the Agency "detailed estimates"; but, in fact, only overall figures for labor, material, and total are reflected and those figures in absolutely no detail. Wide variations in material quantities, oversights, duplication between shops, and other discrepancies are possible and likely, with no verification possible. Costs significantly higher than Agency estimates, little control over GSA work schedules, and quality of work often cause reimbursable services to be unresponsive.

Problem: Where construction is involved, GSA is not responsive. Most construction is preceded by a feasibility study, construction drawings and specifications (design), and finally, after award, construction. This assumes that the Architect and Engineer selection process (which takes usually eight months), Congressional prospectus process (if the project is of significant size), which may take from two to five years, and the budget process are all satisfied. Given the GSA staffing and competition for those limited resources from other agencies, only the highest priority projects get attention, and important projects continually slide further behind. Limited resources available to the Agency are consumed in trying to prod GSA into action.

Since the Agency is a captive customer and must deal with GSA without the benefit of competition, it ultimately faces a "take it or leave it" bargaining situation. It is necessary that the Agency be able to judge the adequacy of transactions. Estimates in sufficient detail to show materiel lists and man-hours per job element must be prepared and used at negotiation sessions. Alternatives must be given the Agency if agreement cannot be reached in cost or response.

Pros: There are certain projects which can be forecast far enough in advance to get GSA moving in an acceptable time frame. Useful life of capital improvements can be predicted and replacements set in motion. In some instances, GSA can, and occasionally does, program the necessary funding. It is advantageous when this Agency can provide guidance and prodding, with GSA administering the projects. Where fiscal year funds are involved, arrangements can occasionally be made in sufficient detail to obligate Agency funds, with GSA performing the majority of the actual project administration.

Cons: When an operational exigency exists, GSA more often than not cannot respond. Only utilization of maximum Agency influence at the highest level can achieve improved response and then only in extremely rare cases. Installation of major equipment, even when it is provided by the Agency, takes years to accomplish and then with only minimum efficiency and coordination evident, as seen in the installation of emergency generators at the power plant. It is clear that GSA is deficient in areas vital to this Agency's operational integrity.

Recommendation: It must be clearly established that this Agency has the responsibility and authority to accomplish necessary repairs, improvements, alterations, and new construction through its own resources, and that work may be accomplished through direct Agency contract or through GSA; the decision to be made solely at this Agency's discretion.

Category: SLUC—Building Operation, Maintenance (SLUC—Custodial—Covered in Next Category)

Background: GSA supposedly provides a habitable environment for a normal 40-hour workweek under the provisions of the Public Buildings SLUC process. Funds over and above the actual amount required for normal operation are collected for the purpose of providing increased maintenance, repair, or manning. Much of the funding collected by GSA from client agencies flows outside the system. It is usually necessary for an agency to provide additional funds for any service falling outside of the narrowly defined standard services. Our Agency has responsibilities that require 24 hours per day, 365 days per year support. Utilities must be continuously available to computers and communication equipment. Backup equipment must be provided, maintained, and operated to preclude either scheduled or unforeseen events from interrupting critical functions.

Problems: GSA is either unwilling or unable to provide the 24-hour level of reliable service required. Even though reimbursed to provide the necessary resources, GSA allows emergency equipment to become and remain inoperative, preferring to trust that the primary equipment stays on line. Important equipment may remain inoperative for years, such as the #3 1500-ton chiller in the power plant, the Dunham Bush 500-ton chiller in the Headquarters Building, and the central control air compressors in the Headquarters Building. After years of "recruiting" the diesel technicians and electricians to operate the multimillion dollar emergency power system, the system is still not staffed to have the necessary personnel available for 24-hour coverage at the minimum acceptable level.

Pros: The bad state of affairs just described has few advantages beyond the fact that there are usually a few GSA mechanics around when an emergency occurs. GSA seems emergency breakdown oriented and responds reasonably well when the last operable piece of equipment fails. When things are going well, they do handle their own personnel and administrative headaches without burdening Agency resources.

Cons: Communications, data processing, and other activities directly contribute to national security and must have reliable and responsive support. GSA support to critical activities is the weak link of an otherwise strong chain. Continuity of service is jeopardized for the entire building under the SLUC system. Poor support reliability, especially in utility systems, is not compatible with Agency requirements.

Recommendation: In those instances where the Agency determines the level of services received are not commensurate with the amount for which reimbursement has been provided, the Agency must be able to contract directly for an acceptable level of service using whatever source of funding is appropriate, including adjustment to the ongoing SLUC funding. Although it is acknowledged that no alternative appears demonstratively superior to a competent GSA, it is clear that GSA is deficient in areas vital to this Agency's operational integrity. This Agency must be able to obtain those vital services for which Agency funds are budgeted and/or which appear in the SLUC account.

Category: SLUC Housekeeping/Custodial

Background: Through an exchange of correspondence in 1959 between the DCI and the Administrator of the GSA, it was agreed that GSA would perform services incident to the operation, maintenance, protection, and housekeeping of the CIA Headquarters Building. Although GSA was invited to provide housekeeping and related services, time has institutionalized the arrangement and GSA now considers the Headquarters Building as a public building, and therefore under GSA control.

Problem: Support provided by GSA to this Agency under the SLUC arrangement has never measured up to Agency expectations, particularly in the custodial area, although this has, no doubt, been due in part to the thankless nature of the services provided. However, over the past several years, the quality of these services has deteriorated primarily due to the lowering of custodial standards by GSA.

Pros: Although responsiveness suffers and difficulties arise due to the inherent crossing of GSA/CIA organizational lines and perceived prerogatives, GSA is convenient and is saddled with the complexities of hiring, motivating, and controlling a blue collar work force.

Cons: GSA is not responsive. However, the task is onerous and we do not think anyone could provide better service under the same constraints.

Recommendation: In those instances where the Agency determines the level of services received are not commensurate with the amount for which reimbursement has been provided, it must be able to contract directly for an

acceptable level of service using whatever source of funding is appropriate, including adjustment to the ongoing SLUC funding. Responsibility and control remain with GSA. However, similar to the recommendation for the other areas covered by SLUC (operation and maintenance), this Agency must be able to obtain those services for which Agency funds are budgeted and/or which appear in the SLUC account.

Category: Supply and Procurement

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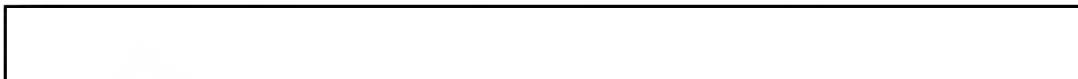
It should be noted that the overlapping of Agency and GSA authorities have never impacted on the Agency's abilities to meet mission requirements. GSA has historically accepted the legitimacy of the Agency's procurement authorities [redacted] and has recognized that GSA is but one of several alternatives to obtain goods and services. Further, unlike construction, operations, and maintenance activities which involve a physical GSA presence, supply and procurement are of low profile and generally conducted without GSA presence or awareness. However, should GSA become aggressive and insist on participating in our procurement and supply endeavors, the Agency's ability to provide responsive service would deteriorate and a problem would exist.

In the area of ADPE acquisition, GSA has delegated its exclusive procurement authority for ADPE and related services to the Agency to accommodate its requirements and those of any activity under Agency operational and technical control. The delegation was formally granted to the DCI on 7 December 1973 by the Commissioner, Automated Data and Telecommunication Service, GSA. It was amended in September 1978 to update the regulatory citations which limit this authority of the Agency, and to include ADP management and procurement on a Government-wide basis (i.e., all Federal agencies). They can be found generally in FPR 1-4.11 and FPMR 101-35 and 36. In addition, the delegation provides for an annual GSA review of ADPE procurement actions as a means of assessing compliance with regulatory procedures.

The delegation from GSA for ADPE has proven to be advantageous to the Agency for obvious reasons, not the least of which has been the effect of reducing the time required to conduct procurements by eliminating the GSA review and approval process that would be required in advance of mailing an award. GSA apparently has found this arrangement satisfactory, since they not only extended the delegation in 1978, but also expanded it to include ADP services. This type of delegation enables services to be more responsive, increases Gov-

ernment efficiency, and provides checks and balances to minimize the potential for abuse.

Problems: With the delegation for ADPE, the GSA/CIA supply and procurement entities have generally been responsive to mission requirements. It is noted that the system for property disposal is awkward from our point of view, requiring storage of the material for extended periods of time, but as in other areas where we have similar perceptions, like vehicle acquisitions, we would only recommend GSA review its system to cut current time standards in half.



Cons: Efficiencies could be improved by fine tuning the system.

Recommendations: Specific improvements to the existing GSA/CIA interface follow:

1. Minimum Order Limitations (MOL)

We suggest that GSA permit procuring agencies to waive the MOL by unilateral determinations when critical operational requirements or exigencies prevail. This would eliminate the sometimes rather lengthy approval process when critical operational requirements exceed the MOL.

2. Mandatory Nature of Federal Supply Schedules (FSS)

We suggest that GSA allow procuring agencies to negotiate better pricing based on "similar or identical items" rather than solely for "identical items". This would enable agencies to take full advantage of the on-the-spot conditions affecting price in the marketplace.

3. GSA-Improved Management Controls

GSA recently imposed management controls on specific commodity groups, e.g., furniture, paper, etc. We suggest that GSA permit agencies to continue to procure these items to meet their specific minimum requirements rather than attempt to "force fit" Government-wide standards on all agencies.

Category: Protective Services

Background: Protective services for Agency buildings in the Washington area, including the Headquarters compound, are provided by the Federal Protective Service (FPS) of GSA. Federal Protective Officers (FPO's) are assigned to Agency buildings from five separate FPS zones, one of which is totally dedicated to the protection of the Headquarters compound. The working relationship between FPS and the Agency has been generally cooperative over the years. With the formation of FPS in 1971, FPO's have not only provided physical protection but have served as onsite police authority at our installations.

A small portion of FPS coverage of the Headquarters compound and certain other Agency buildings is provided by GSA under the SLUC umbrella. This minimum amount is determined by GSA in the context that Agency buildings require only basic protection services similar to nonsensitive Government facilities, e.g., the Department of Agriculture.

The sensitive nature of Agency facilities and operations dictates that this basic SLUC coverage be dramatically augmented to meet our security requirements. This augmentation is accomplished with GSA cooperation but within the limits of available FPS manpower on a reimbursable basis—sometimes at an overtime rate. Reimbursement charges for FPS services in recent years have been escalating; at the present time GSA's regular hourly rate of reimbursement is \$12.82 and the overtime rate is \$19.23.

Problem: As in other areas, GSA/FPS appears to be overworked and understaffed in providing protective services. In addition, the FPS seems philosophically moving in the direction of becoming a police support organization, while the vast majority of Agency protective requirements continue to be of the guard service variety. Further, as noted in other GSA support activities, FPS has been in a monopolistic position in serving our needs. This monopoly has encumbered the responsiveness of FPS to serve our requirements. At least on one occasion FPS has unilaterally decided to reduce protective coverage of Agency installations without even advance notification. It has also inhibited our ability to respond in an immediate fashion to emergency coverage requirements. In the past several months, FPS requested that the Agency immediately implement a severe reduction in its protective coverage, simply because FPS was unable to recruit a full complement against its own established billet ceiling.

Our General Counsel has acknowledged the responsibility of FPS to provide protective coverage to GSA buildings. He has also advised that this FPS responsibility does not inhibit nor encroach upon the Agency's own responsibility and authority to establish access controls for Agency installations and to use alternative resources to FPS to implement these controls. Use of such alternatives would not include their exercise of police powers.

Recommendations: Our review of this function does not result in a recommendation for any change of the FPS. Rather, we believe CIA needs to conduct a thorough, updated analysis of the protective service requirements of its Washington area installations to seek a more cost-effective and responsive method for satisfying our needs. Depending upon the results of this analysis, we may exercise the option of providing protective services using methods and resources in addition to, or other than, the FPS.

CONCLUSION

The delegations of the authorities identified in the matrix located in the Executive Summary of this report will improve overall governmental efficiency, greatly improve the responsiveness of support to the Agency's mission, and decrease the potential for abuse in the provision of goods and services.